



GAIL FARBER, Director

**COUNTY OF LOS ANGELES
DEPARTMENT OF PUBLIC WORKS**

"To Enrich Lives Through Effective and Caring Service"

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IN REPLY PLEASE
REFER TO FILE

November 15, 2016

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

40 November 15, 2016

LORI GLASGOW
EXECUTIVE OFFICER

**LOS ANGELES COUNTY WATERWORKS DISTRICTS
AND THE MARINA DEL REY WATER SYSTEM
WATER RATE ADJUSTMENT
(SUPERVISORIAL DISTRICTS 3, 4, AND 5)
(3 VOTES)**

SUBJECT

This action is to adopt a resolution adjusting the water rates for calendar year 2017 to pass-through cost increases due to inflation and the cost increases of purchasing wholesale water for the Los Angeles County Waterworks Districts and the Marina del Rey Water System, and authorize the Director of Public Works or her designee to amend the Rules and Regulations of the Los Angeles County Waterworks Districts and the Marina del Rey Water System to implement the increase 30 days after adjustment notices are sent to customers.

IT IS RECOMMENDED THAT THE BOARD ACTING AS THE GOVERNING BODY OF THE LOS ANGELES COUNTY WATERWORKS DISTRICTS AND THE MARINA DEL REY WATER SYSTEM

1. Find that the purpose of the adjustment to the water rates shown in the Rules and Regulations of the Los Angeles County Waterworks Districts and the Marina del Rey Water System are to meet the operating expenses necessary to maintain service within existing service areas and, therefore, are statutorily exempt from the California Environmental Quality Act.
2. Adopt the resolution to adjust the water rates to pass-through inflation as measured by the Consumer Price Index and wholesale water cost increases from the wholesale water agencies serving the Los Angeles County Waterworks Districts and the Marina del Rey Water System for calendar year 2017.

3. Authorize the Director of Public Works or her designee to amend the Rules and Regulations of the Los Angeles County Waterworks Districts and the Marina del Rey Water System and to implement the water rate changes effective 30 days after adjustment notices are sent to customers.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended action is to adjust water rates to offset inflation and wholesale water cost increases adopted by wholesale water agencies serving the Los Angeles County Waterworks Districts and the Marina del Rey Water System. This proposed pass-through rate increase is consistent with the requirements of Assembly Bill 3030, which was approved in September 2008. The bill allows water utilities to pass-through increases due to inflation and wholesale water rates. It also requires water utilities to conduct Proposition 218 notices and public hearings at least once every 5 years.

Currently, the Rules and Regulations of the Los Angeles County Waterworks Districts and the Marina del Rey Water System allow the Waterworks Districts to annually review water rates and make a recommendation to the Board for water rate adjustments.

The Consumer Price Index for the areas of Los Angeles, Riverside, and Orange Counties for the period of August 2015 to July 2016 increased by 1.5 percent.

Public Works' Chief Financial Officer and the Auditor-Controller reviewed the Waterworks Districts' rates and determined the needed pass-through adjustments are as follows: 2.6 percent in Waterworks District No. 21, Kagel Canyon; 2.6 percent in Waterworks District No. 29, Malibu; 8.8 percent in Waterworks District No. 36, Val Verde; 4.6 percent in Waterworks District No. 37, Acton; 3.3 percent in Waterworks District No. 40, Antelope Valley; and 4.2 percent in Marina del Rey for calendar year 2017.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan directs the provision of Operational Effectiveness/Fiscal Sustainability (Goal 1) by providing sufficient funds to offset increases in wholesale water charges and inflation to maintain reliable delivery of water service to County residents within the Waterworks Districts.

FISCAL IMPACT/FINANCING

There will be no impact on the County General Fund.

This action will generate the required annual revenue to pay for the increased cost of wholesale water and inflation over the next calendar year. There will be no need to increase the revenue budget in Fiscal Year 2016-17. The water rate adjustments will be included in the Fiscal Year 2017-18 revenue budget.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Board is authorized to increase the water rates, surcharges, and water supply charges pursuant to Division 16, Waterworks Districts, Section 55501 of the California Water Code. Adoption of the enclosed resolution will allow revisions to the Waterworks Districts' Rules and Regulations, adopted

pursuant to Section 55333 of the California Water Code.

Section 53756 of the California Government Code states that "An agency providing water, sewer, or refuse collection service may adopt a schedule of fees or charges authorizing automatic adjustments that pass through increases in wholesale charges for water or adjustments for inflation..." A notice of any adjustment is also required pursuant to Subdivision (a) of Section 53755 of the Government Code within 30 days before the effective date of the adjustment.

Consistent with the requirements of Sections 53756 and 66016 of the Government Code, the Board held a public hearing on the matter of annual rate adjustments on November 25, 2014, and consistent with California Constitution Article 13, Section 6 and Sections 66018 and 6062a of the Government Code, a Notice of the Public Hearing was mailed to all affected customers and property owners more than 45 days in advance of the date of the public hearing. Also in compliance with these Government Code Sections, a notice of the time and place of the hearing was published twice in a newspaper of general circulation within a 10-day period with at least 5 intervening days. After the public hearing, where a majority protest was not received, the Board approved the required resolution, subject to annual review and approval by the Board.

This action complies with the requirements of the California Constitution, Article XIII D (Proposition 218), and does not impose a tax within the meaning of Article XIII C, Section 1(e), of the California Constitution (Proposition 26), approved by the voters on November 2, 2010.

County Counsel has reviewed and approved the resolution as to form.

ENVIRONMENTAL DOCUMENTATION

These actions and the resolution, amending the Rules and Regulations, are to fund operating expenses and, therefore, are exempt from the California Environmental Quality Act pursuant to Section 21080(b)(8) of the Public Resources Code and Section 15273(a) of the State of California Environmental Quality Act Guidelines.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There will be no impact on current County services or projects as a result of this action.

CONCLUSION

Please return one adopted copy of this letter and one signed original of the resolution to the Department of Public Works, Waterworks Division.

The Honorable Board of Supervisors

11/15/2016

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Respectfully submitted,

A handwritten signature in cursive script that reads "Gail Farber".

GAIL FARBER

Director

GF:AA:ea

Enclosures

c: Auditor-Controller
Chief Executive Office (Rochelle Goff)
County Counsel
Executive Office

**A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE
COUNTY OF LOS ANGELES, CALIFORNIA, AUTHORIZING THE
DIRECTOR OF PUBLIC WORKS OR HER DESIGNEE TO
ADJUST THE WATER RATES FOR THE LOS ANGELES COUNTY
WATERWORKS DISTRICTS AND MARINA DEL REY WATER
SYSTEM**

WHEREAS, the Los Angeles County Waterworks Districts and Marina Del Rey Water System; (hereinafter referred to as WATERWORKS DISTRICTS) provides potable water service to customers located within the Cities of Malibu, Lancaster, and Palmdale and within the unincorporated communities of Kagel Canyon, Marina del Rey, Topanga Canyon, Castaic, Acton, Pearblossom, Littlerock, Rock Creek, and Lake Los Angeles; and

WHEREAS, the Los Angeles County Board of Supervisors as the governing body of the WATERWORKS DISTRICTS pursuant to Division 16, Waterworks Districts, section 55501 of the California Water Code, is authorized to increase the water rates, surcharges, and water supply charges as adopted in the Rules and Regulations of the Los Angeles County Waterworks Districts and Marina del Rey Water System pursuant to section 55333 of the California Water Code; and

WHEREAS, the Rules and Regulations of the Los Angeles County Waterworks Districts and Marina del Rey Water System requires the District Engineer to annually review the water rate schedules and make recommendations to the Board of Supervisors for water rate adjustments; and

WHEREAS, the WATERWORKS DISTRICTS purchase wholesale water from water wholesalers as needed; and

WHEREAS, Section 53756 of the California Government Code states that "An agency providing water, sewer, or refuse collection service may adopt a schedule of fees or charges authorizing automatic adjustments that pass through increases in wholesale charges for water or adjustments for inflation..."; and

WHEREAS, on November 25, 2014, after a public hearing, the County of Los Angeles Board of Supervisors adopted a resolution pursuant to section 53756 of the California Government Code to adjust the water rates to pass through the cost increases due to inflation and/or the cost of purchasing water from wholesale water agencies for the WATERWORKS DISTRICTS, subject to annual review and approval by the County of Los Angeles Board of Supervisors; and

WHEREAS, the WATERWORKS DISTRICTS' retail price of water is partially dependent, in part, upon the DISTRICT'S cost of the purchase of wholesale water; and

WHEREAS, the WATERWORKS DISTRICTS' expenditures are affected by inflation in the form of increases to labor, power, materials, equipment, service, and leasing contract costs; and

WHEREAS, it is the intent of the WATERWORKS DISTRICTS to pass through inflation

The foregoing Resolution was on the 15th day of November, 2016, adopted by the Board of Supervisors of the County of Los Angeles as the governing body of the Los Angeles County Waterworks Districts and Marina del Rey Water System.



LORI GLASGOW
Executive Officer of the
Board of Supervisors of the
County of Los Angeles

By Carla Little
Deputy

APPROVED AS TO FORM:

MARY C. WICKHAM
County Counsel

By Mary C. Wickham
Deputy